



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

2 Coral Circle • Monterey Park, CA 91755

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson

Executive Director

February 15, 2005

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVE A COMMUNITY DEVELOPMENT BLOCK GRANT REIMBURSABLE
CONTRACT WITH THE DAVID AND MARGARET HOME (5)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve a Community Development Block Grant (CDBG) Reimbursable Contract with the David and Margaret Home, presented in substantially final form, for construction expenses of the Exterior Renovation of the Whitney Building Project, using \$100,000 in CDBG funds allocated to the Fifth Supervisorial District, to be effective following approval as to form by County Counsel and execution by all parties, through June 30, 2006.
2. Instruct the Executive Director of the Community Development Commission, acting as agent for the County of Los Angeles, to execute four copies of the attached standard CDBG Reimbursable Contract and all necessary amendments thereto.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

On May 25, 2004, your Board approved the 2004-2005 One-Year Action Plan for the Thirtieth Program Year (July 1, 2004 through June 30, 2005) to receive CDBG funds from the U.S. Department of Housing and Urban Development (HUD) for the purposes of

meeting the County's housing and community development needs. The proposed CDBG Reimbursable Contract is consistent with the purposes set forth in the Action Plan.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The proposed CDBG Reimbursable Contract will be funded with a total of \$100,000 in CDBG funds allocated to the Fifth Supervisorial District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

This new project involves the renovation of the exterior of the Whitney Building of David and Margaret Home, which is currently utilized to house the program services and administrative offices of the David and Margaret Home. The building is 79 years old and is in need of exterior repair and restoration. The David and Margaret Home provides a residential treatment program for adolescent girls, a foster family agency, and enhanced educational and mental health services, as well as family preservation and support, school-based counseling, treatment for learning disabilities, vocational skills training for foster youth, and other community-based education programs benefiting 500 youth (birth to age 18) and their families.

The exterior repair and renovation of the Whitney building will include repair and glazing or replacement of wood-frame windows, repair or replacement of downspouts, and repair of wooden gutters and eaves, entry doors, soffits, fascia, stucco, exterior metal, and handrails. The work will also include: removal of dry rot, wet-rot, and termite damage; cleaning and sealing of decorative detail work; and painting of windows, doors, and all exterior surfaces.

CDBG funds will be used to pay for costs associated with architecture, design and engineering, contract administration and compliance, design review, internal and/or external project management to include a portion of the benefits and salaries of an internal agency project manager, asbestos and lead-based paint testing and abatement, as needed, permits, insurance, project renovation and construction, and inspection. The project is located at 1350 Third Street, City of La Verne.

Should the David and Margaret Home require additional or replacement personnel during the term of the contract, it will give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program who meet the minimum qualifications for the open positions. The David and Margaret Home will contact the County's GAIN/GROW Division for a list of participants by job category.

The minority and female composition of the Board of Directors and staff of the David and Margaret Home are provided with this letter as Attachment A.

The attached standard CDBG Reimbursable Contract is being presented in substantially final form, and will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations Part 58, Section 58.34 (a)(8) this project is exempt from the provisions of the National Environmental Policy Act because only the design phase has received environmental clearance. This structure is eligible for listing on the National Register of Historic Places. Once the design phase has been completed, plans will be submitted to the Commission for further historic preservation review to ensure compliance with the HUD Secretary's Guidelines for Rehabilitating Historic Properties. This project will be exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15301, because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment. In regard to historic resources, the Commission will ensure that all plans are in compliance with rehabilitation guidelines for historic structures, thereby circumventing any and all adverse impacts to historic resources.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT:

The project meets the HUD national objective of meeting the needs of low- and moderate-income persons in Los Angeles County.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

APPROVE COMMUNITY DEVELOPMENT BLOCK GRANT REIMBURSABLE CONTRACT WITH THE DAVID AND MARGARET HOME (5)

Participation of Minorities and Women

Board of Directors

Total: 16
5 Minorities
10 Women
31% Minority
63% Women

Employees

Total: 192
107 Minorities
164 Women
56% Minority
85% Women

The Commission encourages the participation of minorities and women in the contract award process including: providing information about the Commission at local and national conferences; conducting seminars for minorities and women regarding the Commission's programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations which represent minorities and women. The David and Margaret Home has voluntarily provided the above information.

The recommendation to approve the CDBG Reimbursable Contract with the David and Margaret Home is being made in accordance with federal regulations, and without regard to race, creed, color, gender, religion or sexual orientation.

**COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT**

PROJECT TITLE: EXTERIOR RENOVATION OF THE WHITNEY BUILDING

PROJECT NUMBER: 600755-04

CONTRACT NUMBER: 101530

THIS CONTRACT is made and entered into this ____ day of _____, 2005, by and between the County of Los Angeles, hereinafter called the "County," acting by and through the Community Development Commission of the County of Los Angeles, and THE DAVID AND MARGARET HOME, hereinafter called the "Operating Agency."

WITNESSETH THAT:

WHEREAS, the County has entered into a Contract with the United States of America, through its Department of Housing and Urban Development (HUD), to execute the County's Community Development Block Grant (CDBG) Program, which includes this project, under the Housing and Community Development Act of 1974, as amended, hereinafter called the "Act"; and

WHEREAS, Operating Agency desires to participate in said program and is qualified by reason of experience, preparation, organization, staffing and facilities to provide services.

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the parties agree as follows:

1. CONTRACT. This Contract consists of this document and attachments: Exhibit A, Project Description and Activity Budget, and Exhibit B.2, Insurance.
2. CONTRACT ADMINISTRATION. The Executive Director of the Community Development Commission of the County of Los Angeles, (Commission) hereinafter called the "Executive Director", or his designee, shall have full authority to act for County in the administration of this Contract consistent with the provisions contained herein.
3. SCOPE OF SERVICES. The Operating Agency is to perform all the services set forth in the Project Description and Activity Budget, Exhibit A to this Contract, a copy of which is attached hereto and incorporated herein by this reference.
4. TIME OF PERFORMANCE. Said services of Operating Agency are to commence on the date first above written, and shall be completed not later than June 30, 2006.
5. COMPENSATION AND METHOD OF PAYMENT. Upon such performance under this Contract, County shall reimburse Operating Agency an amount not to exceed one hundred thousand dollars (\$100,000), which shall constitute full and

complete reimbursement hereunder provided for the implementation of the project described in Exhibit A to this Contract. Said reimbursement will only be paid out of funds received from the federal government under the Act for the Fiscal Year 2004-2005, or from program income, as described in 24 CFR 570 accumulated under said program, for allowable costs actually incurred for the express purposes specified. The parties understand and agree that such reimbursement, if any, shall be conditioned upon receipt of said funds by the County from the federal government or accumulation of program income from said program, and shall not be a charge on any other funds of the County. Funds shall be paid only after receipt of a monthly requisition form as specified and provided by the Commission. Said invoice shall give the total of said cash expenses paid during the monthly reporting period and shall also itemize the same in detail conforming to the budget required by Section 6 of this Contract. After timely receipt of each invoice, the Commission will draw a check in favor of the Operating Agency.

Operating Agency shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Operating Agency after the expiration or other termination of this Contract. Should Operating Agency receive any such payment, it shall immediately notify the County and shall immediately repay all such funds to the County. Payment by the County for services rendered after expiration/termination of this Contract shall not constitute a waiver of the County's right to recover such payment from Operating Agency. This provision shall survive the expiration or other termination of this Contract.

6. BUDGET SECTION. No more than the amounts specified in the Project Description and Activity Budget, Exhibit A to this Contract, which is attached hereto and incorporated herein by this reference in paragraph 3, may be spent for the separate cost categories specified in Exhibit A without written approval of the County.
7. COMPLIANCE WITH LAWS. All parties agree to be bound by applicable Federal, State, and local laws, ordinances regulations and directives as they pertain to the performance of this Contract. This Contract is subject to and incorporates the terms of the Act; 24 CFR, Part 570; U.S. Office of Management and Budget (OMB) Circulars A-110 and A-122; OMB Circular A-133 Compliance Supplement and the County Auditor-Controller Contract Accounting and Administration Handbook. The Catalog of Federal Domestic Assistance (CFDA) number assigned to the Community Development Block Grant Program is 14.218.

The Operating Agency shall comply with applicable uniform administrative requirements, as described in 24 CFR Part 570.502. The Operating Agency shall carry out each activity in compliance with all Federal laws and regulations described in Subpart J of the CDBG regulations, except that:

- i. The Operating Agency does not assume the County environmental responsibilities described at 24 CFR Part 570.604; and

- ii. The Operating Agency does not assume the County's responsibility for initiating the review process under Executive Order 12372.

Operating Agency agrees to be bound by applicable federal, state and local laws, regulations and directives as they pertain to the performance of the Contract, including, but not limited to, Sections a-g below. This Contract is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 CFR Part 85.

- a. Operating Agency shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.
- b. Operating Agency shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.
- c. Operating Agency shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment, which requires that during the performance of this Contract, the Operating Agency will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Operating Agency will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operating Agency agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Operating Agency will, in all solicitations or advertisements for employees placed by or on behalf of the Operating Agency, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Operating Agency will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency of the

Operating Agency's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Operating Agency will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Operating Agency will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event the Operating Agency's noncompliance with the non-discrimination clauses of this Contract or with any of such rules, regulations or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Operating Agency may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Operating Agency will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions would be binding upon each subcontractor or vendor. The Operating Agency will take such actions with respect to any subcontract or purchase order as the County may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Operating Agency becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the County, the Operating Agency may request the United States to enter into such litigation to protect the interests of the United States.

- d. Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. The Contractor shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

- e. No person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this contract on the basis of age or with respect to an otherwise qualified disabled individual.
- f. The Operating Agency is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Contract, and any extension, continuation, renewal, amendment or modification of said documents.

The Operating Agency must certify in writing that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Operating Agency will comply with the Lobbyist Requirements.

Should the Operating Agency or persons/subcontractors acting on behalf of the Contract fail to fully comply with the Federal Lobbyist Requirements civil penalties shall result.

- g. Operating Agency and each County lobbyist or County lobbyist firm, as defined in Los Angeles County Code Chapter 2.160 (County Ordinance 93-0031), retained by the Operating Agency, shall fully comply with the requirements as set forth in said County Code. The Operating Agency must also certify in writing that it is familiar with the Los Angeles County Code Chapter 2.160 and that all persons acting on behalf of the Operating Agency will comply with the County Code.

Failure on the part of the Operating Agency and or Lobbyist to fully comply with the County Lobbyist requirements shall constitute a material breach of the Contract upon which the County may immediately terminate this Contract and the Operating Agency shall be liable for civil action.

- 8. CONFIDENTIALITY OF REPORTS. Operating Agency shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the County.
- 9. SAFETY STANDARDS AND ACCIDENT PREVENTION. The Operating Agency shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Operating Agency shall provide all safeguard, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonable necessary to protect the life and health of

employees on the job and the safety of the public and to protect property in connection with the performance of this Contract.

10. SEVERABILITY. In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Contract and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope of breadth, such provision shall be deemed valid to the extent of the scope of breadth permitted by law.
11. INTERPRETATION. No provision of this Contract is to be interpreted for or against either part because that party or that party's legal representative drafted such provision, but this Contract is to be construed as if both parties drafted it hereto.
12. WAIVER. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provision hereof.
13. PROGRAM EVALUATIONS AND REVIEW. Operating Agency shall make available for inspection during the term of this contract and for a period of three (3) years thereafter its performance, financial and all other records pertaining to performance of this Contract to authorized County personnel, and allow said County personnel to inspect and monitor its facilities and program operations, including the interview of Operating Agency staff and program participants, as required by the County.

Operating Agency agrees to submit all data that are necessary to complete the annual Consolidated Annual Performance and Evaluation Report (CAPER) and monitor program accountability and progress in accordance with HUD requirements in the format and at the time designated by the Executive Director or his designee.

14. NONEXPENDABLE PROPERTY. Nonexpendable personal property means leased and purchased tangible personal property having a useful life of more than one (1) year and an acquisition cost of \$5,000 or more per unit. Nonexpendable property shall include tangible personal property, including, but not limited to, office equipment, and real property and any interest in such real property, including any mortgage or other encumbrance of real property as well as any funds derived from the sale or disposition of nonexpendable property. Any utilization of funds derived from the sale or disposition of nonexpendable property must have prior approval of the County and otherwise comply with all applicable laws and regulations. In case of the Contract's termination, the County reserves the right to determine the final disposition of said nonexpendable property acquired for this project with CDBG funds, including funds derived therefrom. Said disposition may include taking possession of said nonexpendable property.

15. REVERSION OF ASSETS. Upon the expiration of this Contract, the Operating Agency shall transfer to the County any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. Any real property under the Operating Agency's control that was acquired or improved in whole or in part with CDGB funds in excess of \$25,000 shall be either:
- i. Used to meet one of the national objectives in 24 CFR 570.208 until five (5) years after expiration of this Contract (24 CFR 570.505), or such longer period of time as is specified in Exhibit A; or
 - ii. Disposed of in a manner, which results in the County being reimbursed in the amount of the current fair market value of the property less any portion thereof attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such reimbursement is not required after the period of time and under the conditions specified in paragraph 15 above.
16. PURCHASE OR LEASE OF NONEXPENDABLE PROPERTY. Operating Agency shall obtain three (3) documented bids prior to purchasing or leasing any nonexpendable personal property as approved in Exhibit A, Budget. The Operating Agency must purchase or lease from the lowest acceptable bidder. All nonexpendable property purchased or leased pursuant to the Contract shall be properly identified and inventoried and shall be charged at its actual price, deducting all cash discounts, rebates and allowances received by Operating Agency. This inventory shall be provided to the County upon request.
17. ACCOUNTING. The Operating Agency must establish and maintain on a current basis an adequate accounting system in accordance with generally accepted accounting principles and standards, and the County Auditor Controller Contract Accounting and Administration Handbook. Regardless of the Operating Agency's method of accounting, expenses must be reported in accordance with Sections 5 and 42 of this Contract.
18. CHANGES. The County may, from time to time, request changes in the scope of services of the Operating Agency to be performed hereunder. Such changes, including any increase or decrease in the amount of the Operating Agency's compensation, which are agreed upon by and between the County and the Operating Agency, shall be incorporated into this Contract by written amendments.
19. CHANGES IN GRANT ALLOCATION. The County reserves the right to reduce the grant allocation when the County's fiscal monitoring indicates that the Operating Agency's rate of expenditure will result in unspent funds at the end of the program year. Changes in the grant allocation will be made after consultation with the Operating Agency. Such changes shall be incorporated into this Contract by written amendments.

20. CITIZEN PARTICIPATION. All program data necessary to provide reports to citizens will be made available by the Operating Agency. Discussions will be held often enough so that the Operating Agency will be adequately appraised of citizen recommendations during the course of the program. Operating Agency representatives shall be available to respond to questions and receive recommendations at local meetings when so requested by the Executive Director or his designee.
21. REVENUE DISCLOSURE REQUIREMENT. Upon request, Operating Agency shall file with the County a written statement listing all revenue received, or expected to be received, by Operating Agency from Federal, State, City or County sources, or other governmental agencies, and applied, or expected to be applied, to offset, in whole or in part, any of the costs incurred by Operating Agency in conducting current or prospective projects or business activities, including, but not necessarily limited to, the project or business activity which is the subject of this Contract. Such statement shall reflect the name and a description of such business activity, the dollar amount of funding provided, or to be provided, by each and every governmental agency for each such project or business activity, and the full name and address of each governmental agency. Operating Agency shall make available for inspection and audit to County's representatives, upon request, at any time during the duration of this Contract, and during a period of four (4) years thereafter, all of its books and records relating to the operation by it of each project or business activity which is funded in whole or in part with governmental monies, including the project(s) funded under this Contract, whether or not such monies are received through County. All such books and records shall be maintained by Operating Agency at a location in Los Angeles County.

Failure of Operating Agency to comply with the requirements of this Section 21 of this Contract shall constitute a material breach of contract upon which County may cancel, terminate or suspend this Contract.

22. JOINT FUNDING. For projects in which there are sources of funds in addition to CDBG funds, Operating Agency may be required to provide proof of such funding. The County shall not pay for any costs incurred by Operating Agency which are paid with other funds. All restrictions and/or requirements provided for in this Contract, relative to accounting, budgeting and reporting, apply to the total project regardless of funding sources.
23. ASSURANCES. The Operating Agency hereby assures and certifies that it has complied with the Act, applicable regulations, policies, guidelines and requirements, 24 CFR Part 85 and OMB Circular A-87, and that it will comply with all applicable Federal, State and local laws and regulations as they relate to acceptance and use of Federal funds for this Federally assisted program. Also, the Operating Agency gives assurance and certifies with respect to the project specified in Exhibit A, that it will comply with all of the provisions of 24 CFR Part 570.303, which pertain to assurances of program applicants. Furthermore, the Operating Agency gives assurance and certifies that it will comply with

provisions of 41 CFR Part 60-1.4 and 24 CFR Part 135.20, each of which is incorporated herein by this reference. Operating Agency further assures and certifies that it will comply with any further amendments or changes to said required assurances and certifications that during the term of this Contract it will maintain current copies of said assurances and certifications at the address specified below.

24. NOTICES. All notices shall be served in writing. The notices to the Operating Agency shall be sent to the following address:

The David and Margaret Home
1350 Third Street
La Verne, CA 91750

Notices, reports and statements to the County shall be delivered or sent to the Executive Director or his designee at:

Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Each party shall promptly notify the other of any change in its mailing address.

25. ASSIGNMENT AND SUBCONTRACTING. Operating Agency may not assign or subcontract any portion of this Contract without the express written consent of the County. Any attempt by Operating Agency to assign or subcontract any performance of the terms of this Contract shall be null and void and shall constitute a material breach of this Contract.
26. NOTICE OF FEDERAL EARNED INCOME CREDIT. Operating Agency shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.
27. FISCAL LIMITATIONS. The United States of America, through HUD, may in the future place programmatic or fiscal limitation(s) on CDBG funds not presently anticipated. Accordingly, the County reserves the right to revise this Contract in order to take into account actions affecting HUD program funding. In the event of funding reduction, the County may reduce the budget of this Contract, as a whole or as to a cost category, may limit the rate of the Operating Agency's authority to commit and spend funds, or may restrict the Operating Agency's use of both its uncommitted and its unspent funds. Where HUD has directed or requested the County to implement a reduction in funding, in whole or as to a cost category, with respect to funding for this Contract, the Executive Director may act for the County in implementing and effecting such a reduction and in revising the Contract for such purpose. Where the Executive Director has reasonable grounds to question that the Operating Agency has not materially complied with the terms

of this Contract, the Executive Director may act for the County in suspending the operation of this contract for up to sixty (60) days, upon three (3) days notice to Operating Agency of his intention to so act, pending an audit or other resolution of such questions. In no event, however, shall any revisions made by the County affect expenditures and legally binding commitments made by the Operating Agency before it received notice of such revision, provided that such amounts have been committed in good faith and are otherwise allowable, and that such commitments are consistent with HUD cash withdrawal guidelines.

28. USE OF FUNDS FOR ENTERTAINMENT, MEALS OR GIFTS. Operating Agency certifies and agrees that it will not use funds provided through this Contract to pay for entertainment, meals or gifts.
29. INDEMNIFICATION. The Operating Agency agrees to indemnify, defend and hold harmless the Community Development Commission of the County of Los Angeles, the Housing Authority of the County of Los Angeles (Housing Authority), and the County of Los Angeles, their elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Operating Agency's acts and/or omissions arising from and/or relating to this Contract.
30. CONFLICT OF INTEREST. The Operating Agency, its agents and employees shall comply with all applicable Federal, State and County laws and regulations governing conflict of interest including, but not limited to, 24 CFR Part 570.611 and 24 CFR Part 85, Section 85.36(b). To this end, the Operating Agency will make available to its agents and employees copies of all applicable Federal, State and County laws and regulations governing conflict of interest.
31. BUDGET MODIFICATIONS. The Executive Director or his designee, who shall be a Division Director or higher, may grant budget modifications to this Contract for the movement of funds between the budget categories identified in Exhibit A, when such modifications:
 - i. In aggregate do not exceed \$10,000 per budget cost category;
 - ii. Are specifically requested by Operating Agency;
 - iii. Will not change the project goals or scope of services; and
 - iv. Are in the best interest of the County and Operating Agency in performing the scope of services under this Contract.
 - v. Do not alter the amount of compensation under this Contract;
32. TIME OF PERFORMANCE MODIFICATIONS. The Executive Director or his designee, who shall be a Division Director or higher, may grant time of performance modifications to this Contract when such modifications:
 - i. In aggregate do not exceed twelve (12) calendar months;
 - ii. Are specifically requested by Operating Agency;
 - iii. Will not change the project goals or scope of services;

- iv. Are in the best interests of the County and Operating Agency in performing the scope of services under this Contract; and
- v. Do not alter the amount of compensation under this Contract.

- 33. AUDIT EXCEPTIONS BY STATE AND FEDERAL AGENCIES. Operating Agency agrees that in the event the program established hereunder is subject to audit exceptions by appropriate State and Federal audit agencies, it shall be responsible for complying with such exceptions and paying the County the full amount of County's liability to the funding agency resulting from such audit exceptions.
- 34. INDEPENDENT CONTRACTOR. Both parties hereto in the performance of this Contract will be acting in an independent capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Operating Agency shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of the Operating Agency pursuant to this Contract.
- 35. AMENDMENTS/VARIATIONS. This writing, with attachments, embodies the whole of the agreement of the parties hereto. There are no oral agreements contained herein. Except as provided herein, any addition to or variation of the terms of this Contract shall not be valid unless made in the form of a written amendment of this Contract formally approved and executed by both parties.
- 36. ACQUISITION OF SUPPLIES AND EQUIPMENT. Following approval by the County for necessary supplies and equipment for Contract performance, the Operating Agency may purchase from a related agency/organization only if: (a) prior authorization is obtained in writing from the County, (b) no more than maximum prices or charges are made and no more than minimum specifications are met, as provided in writing by the County, (c) a community related benefit is derived from such Operating Agency related acquisition, and (d) no conflict of interest for private gain accrues to the Operating Agency or its employees, agents or officers.
- 37. MONITORING AND EVALUATION. The County will monitor, evaluate and provide guidance to the Operating Agency in the performance of this Contract. Authorized representatives of the County and HUD shall have the right of access to all activities and facilities operated by the Operating Agency under this Contract. Facilities include all files, records, and other documents related to the performance of this Contract. Activities include attendance at staff, board of directors, advisory committee and advisory board meetings, and observation of on going program functions. The Operating Agency will ensure the cooperation of its staff and board members in such efforts. The Executive Director or his designee may conduct program progress reviews. These reviews will focus on the

extent to which planned program has been implemented and measurable goals achieved, effectiveness of program management, and impact of the program.

38. AUDITS. The Operating Agency's program will be audited in accordance with the County's policy and funding source guidelines. Audits may also be conducted by Federal, State or local funding source agencies. The County or its authorized representatives shall, at all times during the term of this Contract, and for a period of four (4) years thereafter, have access, for the purpose of audit or inspection, to any and all books, documents, papers, records, property, and premises of the Operating Agency. The Operating Agency's staff will cooperate fully with authorized auditors when they conduct audits and examinations of the Operating Agency's program. A financial audit of the Operating Agency's performance under this Contract shall be conducted at County's discretion. If indications of misappropriation or misapplication of the funds of this Contract cause the County to require a special audit, the cost of the audit will be encumbered and deducted from this Contract's budget.
39. INSURANCE. Without limiting Operating Agency's indemnification of County, the Operating Agency shall provide and maintain at its own expense during the term of this Contract, a program of insurance satisfactory to the Commission's Risk Manager covering its operations hereunder, as specifically defined in Exhibit B.2 to this Contract, a copy of which is attached hereto and incorporated herein by this reference.
40. FAILURE TO PROCURE INSURANCE. Failure on the part of Operating Agency to procure or maintain required insurance (pursuant to Exhibit B.2) shall constitute a material breach of contract under which County may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith. All monies so paid by County shall be repaid by the Operating Agency to County upon demand or County may offset the cost of the premiums against any monies due to the Operating Agency from County.
41. PROGRAM INCOME. The County reserves the right to determine the disposition of any program income, as described in 24 CFR Part 570.504 accumulated under the project(s) set forth in Exhibit A. Said disposition may include the County taking possession of said program income.
42. FINANCIAL CLOSE OUT PERIOD. The Operating Agency agrees to complete all necessary financial close out procedures required by the Executive Director or designee, within a period of not more than sixty (60) calendar days from the expiration date of this Contract. This time period will be referred to as the financial close out period. The County is not liable to provide reimbursement for any expenses or costs associated with this Contract after the expiration of the financial close out period. After the expiration of the financial close out period, those funds not paid to the Operating Agency under this Contract, if any, may be immediately reprogrammed by County into other eligible activities in the County. The Executive Director, or his designee, may request a final financial audit for

activities performed under this Contract at the expiration of the financial close out period.

43. NEPOTISM. Operating Agency shall not hire nor permit the hiring of any person to fill a position funded through this Contract if a member of that person's immediate family is employed in an administrative capacity by Operating Agency. For the purpose of this section, the term "immediate family" means spouse, child, mother, father, brother, sister, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, aunt, uncle, niece, nephew, stepparent and stepchild. The term "administrative capacity" means having selection, hiring, supervisory or management responsibilities, including serving on the governing body of Operating Agency.
44. RELIGIOUS AND POLITICAL ACTIVITIES. Operating Agency agrees that funds under this Contract will be used exclusively for performance of the work required under this Contract, and that no funds made available under this Contract shall be used to promote religious or political activities. Further, Operating Agency agrees that it will not perform, nor permit to be performed, any religious or political activities in connection with the performance of this Contract.
45. STAFF TRAVEL. Operating Agency shall not incur any expenditure for travel outside of Los Angeles County unless specifically provided for and itemized in Exhibit A, without prior written approval of County.
46. USE OF FUNDS. All funds approved under this Contract shall be used solely for costs approved in the program budget for this Contract. Contract funds shall not be used as a cash advancement between contracts, as security to guarantee payments for any nonprogram obligations, or as loans for nonprogram activities. Separate financial records shall be kept for each funding source.
47. REPORTS AND RECORDS. Operating Agency agrees to prepare and submit financial, program progress, monitoring, evaluation and other reports as required by County. Program progress reports shall be submitted on a monthly basis, in the form specified by the Executive Director or his designee. Operating Agency shall maintain, and permit on site inspections of such property, personnel, financial and other records and accounts as are considered necessary by County to assure proper accounting for all Contract funds during the term of this Contract and for a period of five (5) years thereafter. Operating Agency will ensure that its employees and board members furnish such information which, in the judgment of County representatives, may be relevant to a question of compliance with contractual conditions, with County or granting agency directives, or with the effectiveness, legality and achievements of the program.
48. EXPENDITURES. Expenditures made by Operating Agency in the operation of this Contract shall be in strict compliance and conformity with the Budget set forth in Exhibit A, unless prior written approval for an exception is obtained from Executive Director or his designee.

49. CERTIFICATION PROHIBITING USE OF EXCESSIVE FORCE. In accordance with Section 519 of Public Law 101-144, the undersigned certifies, to the best of his or her knowledge and belief, that it has adopted and is enforcing:
- i. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
 - ii. A policy of enforcing applicable State and local laws against individuals physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
50. DRUG-FREE WORKPLACE. Operating Agency agrees to provide a drug-free workplace by:
- i. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Operating Agency's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - ii. Establishing an ongoing drug-free awareness program to inform employees about:
 - a. The dangers of drug abuse in the workplace;
 - b. The Operating Agency's policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - iii. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by subparagraph i of this Section 50;
 - iv. Notifying the employee in the statement required by paragraph i of this Section 50 that, as a condition of employment under the grant, the employee will:
 - a. Abide by the terms of the statement; and
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction;

- v. Notifying the County in writing, within ten (10) calendar days after receiving notice under subparagraph (iv)(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- vi. Taking one of the following actions, within thirty (30) calendar days of receiving notice under subparagraph (iv)(b), with respect to any employee who is so convicted -
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- vii. Making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs i, ii, iii, iv, v and vi.
- viii. The Operating Agency may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant;

Check ____ if there are workplaces on file that are not identified here.

51. RESIDENTIAL ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN. Section 104(d) of the Housing and Community Development Act of 1974, also known as the Barney Frank Amendment, requires relocation assistance for displaced low-income families and requires one-for-one replacement of low/moderate income dwelling units that are demolished or converted to other use. When CDBG funds are used in a project, including financing for rehabilitation, or project delivery costs, Section 104(d) is triggered. CDBG Regulations further describe the requirements under 24 CFR Section 570.606 Displacement, Relocation, Acquisition, and Replacement of Housing.

Operating Agency must adopt and make public a Residential Antidisplacement and Relocation Assistance Plan as part of its administrative requirements to HUD. Before Operating Agency enters into a contract committing it to provide funds for any activity that will directly result in the demolition, or conversion to another use, of low/moderate-income dwelling units, it must make public and submit to HUD the information as described in Section 24 CFR 570.606 (c) (iii) A-G.

52. PROPERTY MAINTENANCE STANDARDS. The Operating Agency providing services under Contract to the County must ensure that sufficient property maintenance ("property maintenance standards") shall be provided to the facility where services are being provided. Property maintenance includes removal of trash and debris, graffiti abatement, landscaping and physical appearance acceptable to the County.

The Operating Agency may use its CDBG funds towards property maintenance standards; however, each case would be reviewed on an individual basis and approved by the County. The County has established an expenditure cap not to exceed five (5) percent of the Contract allocation for property maintenance standards.

53. TERMINATION FOR IMPROPER CONSIDERATION. The County may, by written notice to the Operating Agency, immediately terminate the right of the Operating Agency to proceed under this Contract if it is found that improper consideration, in any form, was offered or given by the Operating Agency, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Contract or securing favorable treatment with respect to the award, amendment or extension of the Contract or the making of any determinations with respect to the Operating Agency's performance pursuant to the Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against Operating Agency as it could pursue in the event of default by the Operating Agency.

Operating Agency shall immediately report any attempt by the County officer or employee to solicit such improper consideration. The Report shall be made to the Executive Director of the Commission or the County Auditor-Controller's Employee Fraud Hotline (800) 544-6861.

54. OPERATING AGENCY'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM. Operating Agency acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from County or Commission through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Operating Agency's duty under this Contract to comply with all applicable provisions of law, Operating Agency warrants that it is now in compliance and shall during the term of this Contract maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

55. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM. Failure of Operating Agency to maintain compliance with the requirements set forth in Paragraph 54, Operating Agency's Warranty of Adherence to County's Child Support Compliance Program shall constitute a default by Operating Agency under this Contract. Without limiting the rights and remedies available to County or Commission under any other provision of this Contract, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Board of Supervisors may terminate this Contract pursuant to Paragraph 59, Termination for Cause.
56. POST MOST WANTED DELINQUENT PARENTS LIST. The Operating Agency acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. The Operating Agency understands that it is County's and Commission's policy to voluntarily post a list entitled L.A's Most Wanted: Delinquent Parents poster in a prominent position at Operating Agency's place of business. The CSSD will supply the Operating Agency with the poster to be used.
57. COUNTY'S QUALITY ASSURANCE PLAN. The County will evaluate the Operating Agency's performance under this Contract on not less than an annual basis. Such evaluation will include assessing Operating Agency's compliance with all contract terms and performance standards. Operating Agency's deficiencies which County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Operating Agency. If improvement does not occur consistent with the corrective measure, County may terminate this Contract, pursuant to Paragraph 58 or 59, or impose other penalties as specified in this Contract.
58. TERMINATION FOR CONVENIENCE. The County reserves the right to cancel this Contract for any reason at all upon 30 days prior written notice to Operating Agency. In the event of such termination, Operating Agency shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation if any, shall be adjusted in such termination.
59. TERMINATION FOR CAUSE. This Contract may be terminated by the County upon written notice to the Operating Agency for just cause (failure to perform satisfactorily) with no penalties incurred by the County upon termination or upon the occurrence of any of the following events in i, ii, iii or iv:
- i. Should the Operating Agency fail to perform all or any portion of the work required to be performed hereunder in a timely and good workmanlike manner or properly carry out the provisions of the Contract in their true intent and meaning, then in such case, notice thereof in writing will be served upon

the Operating Agency, and should the Operating Agency neglect or refuse to provide a means for satisfactory compliance with this Contract and with the direction of the County within the time specified in such notice, the County shall have the power to suspend or terminate the operations of the Operating Agency in whole or in part.

- ii. Should the Operating Agency fail within five days to perform in a satisfactory manner, in accordance with the provisions of the Contract, or if the work to be done under said Contract is abandoned for more than three days by the Operating Agency, then notice of deficiency thereof in writing will be served upon Operating Agency by the County.

Should the Operating Agency fail to comply with the terms of said Contract within five days, upon receipt of said written notice of deficiency, the Executive Director of Commission shall have the power to suspend or terminate the operations of the Operating Agency in whole or in part.

- iii. In the event that a petition of bankruptcy shall be filed by or against the Operating Agency.
- iv. If, through any cause, the Operating Agency shall fail to fulfill in timely and proper manner the obligations under this Contract, or if the Operating Agency shall violate any of the covenants, Contracts, or stipulations of this Contract, the County shall thereupon have the right to terminate this Contract by giving written notice to the Operating Agency of such termination and specifying the effective date thereof, at least five days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Operating Agency or under this Contract shall, at the option of the County become its property and the Operating Agency shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

- 60. ARCHITECTURAL BARRIERS ACT AND THE AMERICANS WITH DISABILITIES ACT. The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of residential structure as defined in 24 CFR 40.2 or the definition of building as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 CFR part 40 for residential structures, and Appendix A to 41 CFR Part 101-19, Subpart 101-19.6, for general type buildings). The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155.201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and

local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy after January 26, 1993 that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable--that is, easily accomplishable and able to be carried out without much difficulty or expense.

61. USE OF RECYCLED-CONTENT PAPER PROJECTS. Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Operating Agency agrees to use recycled-content paper to the maximum extent possible on the Project.

62. EMPLOYEES OF OPERATING AGENCY. *Workers' Compensation:* Operating Agency understands and agrees that all persons furnishing services to the County pursuant to this Contract are, for the purposes of Workers' Compensation liability, employees solely of the Operating Agency. Operating Agency shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injuries arising from an accident connected with services provided to the County under this Contract.

Professional Conduct: The County does not and will not condone any acts, gestures, comments or conduct from the Operating Agency's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activities or behavior that might be construed as harassment. The County will properly investigate all charges of harassment by residents, employees or agents of the County against any and all Operating Agency's employees, agents or subcontractors providing services for the County. The Operating Agency assumes all liability for the actions of the Operating Agency's employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Operating Agency.

63. CONTRACTOR RESPONSIBILITY AND DEBARMENT.
- i. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the County, the Commission and the Housing Authority to conduct business only with responsible contractors.
 - ii. The Operating Agency is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County, which, as defined under Section 2.202.020, includes the Commission and the Housing Authority, acquires information concerning the performance of the Operating Agency on this or other contracts which indicates that the Operating Agency is not responsible, the County may, in addition to other remedies provided in the contract, debar the Operating Agency from bidding on County, Commission or Housing Authority contracts for a specified period of time not to exceed 3 years, and

terminate any or all existing contracts the Operating Agency may have with the County, the Commission or the Housing Authority.

- iii. The County may debar a contractor if the Board of Supervisors finds, in its discretion, that the contractor has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority, (2) committed any act or omission which negatively reflects on the contractor's quality, fitness or capacity to perform a contract with the County, the Commission or the Housing Authority or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or the Housing Authority or any other public entity.
 - iv. If there is evidence that the Operating Agency may be subject to debarment, the County will notify the Operating Agency in writing of the evidence which is the basis for the proposed debarment and will advise the Operating Agency of the scheduled date for a debarment hearing before the Contractor Hearing Board.
 - v. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Operating Agency and/or the Operating Agency's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Operating Agency should be debarred, and, if so, the appropriate length of time of the debarment. If the Operating Agency fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Operating Agency may be deemed to have waived all rights of appeal.
 - vi. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
 - vii. These terms shall also apply to subcontractors of County, Commission or Housing Authority contractors.
64. SECTION 3. In order to comply with the Housing and Urban Development Act of 1968, the Operating Agency and, where applicable, its contractor(s) and subcontractor(s) shall comply with Section 3 regulations as described in 24 CFR Part 135. Section 3 compliance activities of the Operating Agency and its contractor(s) and subcontractor(s) shall be governed by the Commission's CDBG Compliance Instructions, as amended.
65. ENTIRE CONTRACT This Contract with attachments constitutes the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Contract to be subscribed by the Executive Director of the Community Development Commission, and the Operating Agency has subscribed the same through its duly authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

SOUTHERN CALIFORNIA ALCOHOL
AND DRUG ABUSE PROGRAMS, INC.
Operating Agency

By: _____
CARLOS JACKSON, Executive Director
Community Development Commission
Of the County of Los Angeles

By: _____
Title: _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

APPROVED AS TO PROGRAM:

CARLOS JACKSON, Executive Director
Community Development Commission
Of the County of Los Angeles

By: _____
Deputy

By: _____
Director, CDBG

**Community Development Commission
County of Los Angeles
Project Description and Activity Budget**

Contract No. 101530

Version 0

PROJECT

OPERATING AGENCY

Project No.: 600755-04 Title: Exterior Renovation of the Whitney Building Funding Period: From To 6/30/06 Jurisdiction: 5th District	Organization Name: David and Margaret Home Type: CBO CDC Program Mgr: Maria Siacunco
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Project Administration

Charles C. Rich
Executive Director
David & Margaret Home
1350 Third Street
La Verne, CA 91750

Tel. No. (909) 596-5921
Fax No. (909) 596-7583
E-mail: RichC@dmhome.org

Eligibility Summary

Funding Source: CDBG
HUD Code: 03 Public Facilities and Improvements
Eligibility Citation: 570.201(c)
National Objective: LMC Low/Mod Limited Clientele
Nat. Objective Citation: 570.208(a)(2) (i)(B)
Est. Accomplishments: 1 Performance Indicator: Public Facilities

Activity Summary

This new project involves the renovation of the exterior of the Whitney Building of David and Margaret Home. The building is currently utilized to house the program services and administrative offices of David and Margaret Home. The building is 79 years old and is in need of exterior repair and restoration.

The David and Margaret Home is a non-profit organization founded in 1910 as an orphanage. Presently, the agency's services include a residential treatment program for adolescent girls, a foster family agency, and enhanced educational and mental health services for these youth, as well as family preservation and support, school-based counseling, treatment for learning disabilities, vocational skills training for foster youth, and other community-based education programs benefiting youth (birth to age 18) and their families.

The exterior repair and renovation of the Whitney building will include repair and glazing, or replacement of

The exterior repair and renovation of the Whitney building will include repair and glazing, or replacement of wood-frame windows, repair of wooden gutters and eaves, repair or replacement of entry doors, repair or replacement of soffit and fascia, repair of dry-rot, wet-rot, and termite damage, repair of stucco, cleaning and sealing of decorative detail work, repair or replacement of downspouts, exterior metal, and handrails, and painting of windows, doors, and all exterior surfaces.

Upon completion, services at the building will benefit 500 low-and moderate-income children and their families.

CDBG funds will be used to pay for costs associated with architecture, design and engineering, contract administration and compliance, design review, internal and or external project management to include a portion of the benefits and salaries of an internal agency project manager, asbestos and lead-based paint testing and abatement as needed, permits, insurance, project renovation and construction, and inspection.

Special Conditions

PREVAILING WAGE REQUIREMENTS: The Operating Agency is advised that the prevailing wage requirements of the Davis-Bacon and Related Acts and the Federal Labor Standards Provisions apply to all construction activities and demolition in conjunction with construction comprising \$2,000 or more in cost. These prevailing wage requirements also apply to contracts for the rehabilitation of residential property when the contract contains eight (8) or more housing units at the site of construction. The Operating Agency must notify the CDBG Labor Compliance Officer/Specialist of the date, time, and location of the Pre-Construction Conference at least 10 calendar days in advance.

TEN PERCENT RETENTION: CDC will retain ten percent (10%) of the CDBG contract amount for this project until a Contract and Labor Compliance File Review of the Labor Standards Enforcement File is completed and a clearance letter is issued. The Operating Agency must request a Contract and Labor Compliance File Review by the CDBG Labor Compliance Officer/Specialist at least 30 calendar days prior to the anticipated completion of construction activities.

The Operating Agency is advised that ten percent (10%) of the total construction contract award be retained by the Operating Agency to allow for the availability of funds to remedy all outstanding monetary liability that can result from the violation of this contract, the Davis-Bacon and Related Acts, and Federal Labor Standards Provisions.

SECTION 3 REQUIREMENTS: The Operating Agency is advised that a training and employment opportunity program for low- and very low-income individuals must be implemented in conjunction with all construction projects with contracts in excess of \$100,000, when the amount of Federal assistance to the Operating Agency exceeds \$200,000 in order to meet the requirements of Section 3 of the Housing and Urban Development Act of 1968. The Operating Agency is required to conduct a Section 3 Pre-Bid Meeting for all interested bidders to review the construction contract program requirements applicable to the project. The Operating Agency is required to contact the CDBG Labor Compliance Officer/Specialist of the Community Development Commission (CDC) at least 10 calendar days prior to the Section 3 Pre-Bid Meeting to arrange for their participation.

The Operating Agency must ensure that each contractor that is awarded a construction contract based on Section 3 qualification provides a "Section 3 Compliance Report" with the final Certified Payroll Report. The Operating Agency must compile and submit reports on Section 3 accomplishments to CDC as directed by CDBG Bulletin.

LABOR STANDARDS ADMINISTRATION AND ENFORCEMENT: To meet minimum program requirements, the Operating Agency must provide its CDBG Program Manager with any updates to the Construction Schedule within 10 calendar days of any change. The contract award must be documented by:

- *Providing the CDBG Labor Compliance Officer/Specialist with a copy of the "Agency Report of Contract Award" within 10 calendar days of awarding any contract or subcontract involving construction activity;
- *Providing the U.S. Department of Labor (DOL) Office of Federal Contract Compliance Programs with a written "Notice of Contract Award" within 10 calendar days of awarding a contract in the amount of \$10,000 or more; and

*Providing the "Contract-Subcontract Activity Report" as directed by CDBG Bulletin.

The Operating Agency must also establish and maintain a Labor Standards Enforcement File for each contractor working at the project site in accordance with the CDBG Contract and Labor Compliance Guidelines. The Operating Agency must:

- *Actively monitor the project site on a continuous basis to conduct Employee Field Interviews with workers;
- *Document all posting requirements and ensure that postings are accessible to workers;
- *Ensure that all contractors working at the project site submit all compliance documents within 10 calendar days of contract award;
- *Ensure that all contractors submit weekly Certified Payroll Reports within 10 calendar days of the pay period ending date; and
- *Ensure that a Certified Payroll Report is submitted for each week that work is performed.

All weekly Certified Payroll Reports must be reviewed by the Operating Agency for completeness and accuracy upon receipt. The Operating Agency's review must include:

- *Reconciliation of all Employee Field Interviews with each contractor's weekly Certified Payroll Report;
- *Assurance that all documents supporting "other" deductions and "apprentice" status letters is attached to the corresponding contractor's weekly Certified Payroll Report.

In the event of a discrepancy, the Operating Agency must suspend or withhold payment as allowed by law and in accordance with the contract between the Operating Agency and the prime contractor. The Operating Agency must also notify the prime contractor in writing within 10 calendar days of the discovery of such a discrepancy. This written notification must:

- *Provide a detailed description of the discrepancy, including all necessary support documentation;
- *Outline the required corrective action;
- *Notify the contractor of their right to appeal;
- *Require the prime contractor to respond to the notification within 10 calendar days of its receipt; and
- *Inform the prime contractor that failure to sufficiently resolve the discrepancy within 10 calendar days, as detailed in the corrective action required, will lead to the Operating Agency suspending or withholding payment, as allowed by law and in accordance with the contract between the Operating Agency and the prime contractor.

In the event of a labor violation, the Operating Agency must:

- *Provide the CDBG Labor Compliance Officer/Specialist with a "Report of Violation" within 10 calendar days of the date of the discovery of any violations involving underpayments to workers as outlined in the CDBG Contract and Labor Compliance Guidelines;
- *Provide the CDBG Labor Compliance Officer/Specialist with an "Enforcement Report" (29 CFR 5.7) within 30 calendar days of the disposition date for each labor violation that involves underpayments to workers in the amount of \$500 or more for willful violations or unintentional underpayments of \$1,000 or more as outlined in the Federal Labor Standards Provisions;
- *Provide CDC with a "Semi-Annual Labor Standards Enforcement Report" summarizing all labor violation enforcement activities for the year as directed by CDBG Bulletin.

PENALTIES: Failure by the Operating Agency to comply with this contract will result in a written notification from CDC that the Operating Agency is subject to one or more of the following penalties, including but not limited to:

- *Suspension of payment of contract funds;
- *Withholding of contract retention funds; and
- *Termination of Contract.

SANCTIONS: Failure by the Operating Agency to comply with this contract will result in a written notification from CDC that the Operating Agency will be subject to consideration for placement on one of the following HUD sanction lists:

- *Limited Participation List;
- *List of Parties Excluded from receiving Federally Assisted contracts.

The Operating Agency must maintain payroll and time and attendance records signed by the employee and approved by the supervisor. Time distribution records will also be kept by program and shall account for total work time on a daily basis for all employees.

The Operating Agency will comply with procurement standards outlined in, 24 CFR, Part 84, Section 84.44, entitled Procurement Procedures, for the purchase of all goods and contracted services using CDBG or ESG funds.

The Operating Agency shall maintain during the term of this Contract and for a period of three (3) years thereafter complete and adequate financial records and accounts as are considered necessary by the Commission to assure proper accounting for all program funds and to support all program expenditures. These records and accounts shall include, but not be limited to, the following: a General Ledger that supports the costs charged to the CDBG or ESG Program; records documenting procurement of goods and services; contracts for goods or services; lease or rental agreements; invoices; billing statements; cancelled checks; timecards signed by employees and supervisors; personnel authorization records; payroll registers; payroll tax records; and bank statements, bank reconciliations and documentation to support the allocation of indirect costs.

The Operating Agency shall execute a professional services agreement with each consultant/contractor prior to incurring any costs or distributing any CDBG or ESG funds, in compliance with federal contractual requirements.

The Operating Agency shall submit adequate financial documentation to support the program expenditures reported in the monthly CDBG Funding Request forms. The financial supporting documentation will include contracts for goods or services, evidence of procurement, lease or rental agreements, invoices, billing statements, cancelled checks, timecards signed by employee and supervisors, payroll registers, payroll tax records, bank statements, bank reconciliations, a detailed General Ledger that supports the costs charged to the CDBG program, and an approved cost allocation method for indirect costs charged. Failure to submit the necessary supporting documentation will result in the disallowance of costs.

The Operating Agency must maintain the use of building for a period of no less than five (5) years. If the Operating Agency changes the use of or disposes of the property, the CDBG or ESG Program must be reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property

Once the facility is made available for public use, the Operating Agency shall maintain income documentation to ensure that at least 51 percent of program beneficiaries are of low- and moderate-income. If the Operating Agency is unable to obtain income documentation, the Public Service Self-Certification Form may be utilized. However, prior to using this form, the Operating Agency must request, in writing, authorization from the Community Development Commission (CDC). The Operating Agency's written request must provide thorough justification for using the Public Service Self-Certification Form and explain why obtaining income documentation is infeasible.

Once the facility is made available for public use, the Operating Agency must maintain the following information for federal reporting and monitoring purposes: the name, address, race, ethnicity, census tract and female head of household status for all clients.

The Operating Agency shall report the Direct Benefits Information in its Quarterly Performance Report (QPR) once the construction of the project has been completed and the facility is made available for public use. For reporting purposes, the Operating Agency will be required to report only during the program year that the construction was completed and made available to the public. The Community Development Commission will not close out the project until it has been verified that the national objective has been met. Please refer to CDBG Bulletin No. 01-0059, dated October 29, 2002, for further clarification.

ENVIRONMENTAL SPECIAL CONDITION:

PROFESSIONAL AND CONSULTING FEES ENGINEERING AND DESIGN ACTIVITIES - CLEARED; EX (a)(8). ONLY the design phase of this activity has received environmental clearance. This phase includes the hiring of an architectural, environmental and/or engineering consultant to plan and determine the scope and design of the work to be proposed for this building, which is eligible for listing on the National Register of Historic Places. Upon completion of this phase, plans must be submitted to this office for further Historic Preservation review to ensure that the proposed scope and design meets the Secretary's Guidelines for Rehabilitating Historic Properties. This review **MUST** be completed **PRIOR** to implementation or incurring any related costs.

Contracted Services/Subrecipients

The Operating Agency will contract for the following services:

- 1) Architectural design and engineering
- 2) Project Management, contract administration and compliance
- 3) Design review and inspection
- 4) Asbestos and lead-based paint testing and abatement as needed
- 5) Project renovation and construction

Funding Summary

Formula Grant Funding	
<u>Cost Category</u>	<u>Amount</u>
Personnel	\$3,000
Non-Personnel	\$10,000
Capital Outlays	\$87,000
Total	\$100,000

Leverage Sources	
<u>Source</u>	<u>Amount</u>
Other	\$125,000
Other Private	\$125,000
Total	\$250,000

Implementation Schedule

Phase	Scheduled	% Complete
Submit Bid Document	4/15/05	4%
Pre-Bid	4/27/05	6%
Bid-Opening	5/10/05	8%
Contract Award	6/10/05	10%
Pre-Construction	6/12/05	12%
Mid-Construction	9/5/05	54%
Construction Completed	9/30/05	96%
Post Construction/Labor Review	9/30/05	100%

Location

Name: David & Margaret Home

Address: 1350 Third St

City: La Verne

ZIP: 91750

Service Area

<u>Region</u>	<u>Population</u>	<u>Low/Mod Pop</u>
4002.03 La Verne	4,745	465
4002.03 San Dimas	214	161
4002.04 Claremont	0	0
4002.04 La Verne	6,541	579
4002.05 Claremont	2,048	194
4002.05 La Verne	62	0
4002.06 Claremont	5,099	543
4003.02 La Verne	1,671	294
4003.03 San Dimas	3,783	475
4003.04 La Verne	0	0
4003.04 San Dimas	6,948	1,794
4012.02 San Dimas	1,398	213
4013.02 La Verne	0	0
4013.02 San Dimas	8,282	683
4013.11 San Dimas	6,724	1,874
4013.12 San Dimas	4,920	1,219

Los Angeles County Community Development Commission**Exhibit A**

4015.00	La Verne	4,868	1,520
4016.01	La Verne	4,794	1,395
4016.02	La Verne	5,380	1,748
4016.03	La Verne	2,848	844
4017.01	Claremont	2,466	497
4018.00	Claremont	6,921	1,172
4019.01	Claremont	446	231
4019.02	Claremont	5,134	1,464
4020.00	Claremont	6,714	2,192
4024.01	San Dimas	0	0
4036.00	Covina	3,732	851
4037.02	Covina	3,628	692
4037.03	Covina	2,490	484
4037.03	San Dimas	1,245	218
4037.21	Covina	4,242	1,373
4037.22	Covina	5,637	2,666
4038.01	Covina	1,432	336
4038.02	Covina	1,644	618
4038.02	San Dimas	305	225
4054.00	Covina	0	0
4057.00	Covina	4,983	2,125
4058.00	Covina	2,404	669
4059.00	Covina	3,742	1,099
4060.00	Covina	2,632	806
4061.01	Covina	2,795	986
4061.02	Covina	5,657	2,436
4062.00	Covina	1,547	357
4300.01	Duarte	4,654	742
4300.02	Duarte	6,880	2,365
4301.01	Duarte	4,455	2,076
4301.02	Duarte	5,005	2,179
4302.00	Bradbury	862	111
4302.00	Monrovia	0	0
4303.01	Monrovia	4,196	627
4303.02	Monrovia	5,886	1,456
4304.00	Arcadia	4,175	631
4306.00	Arcadia	4,297	576
4307.01	Arcadia	5,081	1,187
4307.21	Arcadia	3,101	774
4307.23	Arcadia	3,727	1,360
4307.24	Arcadia	4,029	1,688
4308.01	Arcadia	5,979	2,437
4308.02	Arcadia	4,078	790
4308.03	Arcadia	5,240	1,071
4309.00	Monrovia	8,954	3,850
4310.01	Monrovia	7,302	3,763
4310.02	Monrovia	2,964	1,138
4311.00	Monrovia	6,271	3,273
4312.00	Monrovia	184	24
4313.00	Arcadia	345	93
4313.00	Monrovia	592	220
4314.00	Arcadia	32	0
4314.00	Monrovia	176	0
4315.00	Arcadia	235	83
4315.00	Temple City	3,349	1,266

Los Angeles County Community Development Commission

Exhibit A

4316.00	Arcadia	3,664	779	
4317.00	Arcadia	6,432	1,591	
4318.00	Arcadia	1,688	692	
4318.00	Temple City	1,514	416	
4319.00	Arcadia	172	63	
4319.00	Temple City	3,268	1,086	
4320.00	Temple City	6,927	2,042	
4321.01	Temple City	4,035	1,268	
4321.02	Temple City	5,311	1,478	
4325.00	Arcadia	0	0	
4631.01	Arcadia	55	0	
4800.11	Arcadia	45	0	
4800.12	Temple City	929	320	
4801.01	Temple City	3,784	1,102	
4801.02	Temple City	473	211	
4812.01	Temple City	3,199	1,443	
4812.02	Temple City	7	7	
9300.00	Duarte	0	0	
9300.00	La Verne	226	0	
9300.00	Monrovia	0	0	
9300.00	San Dimas	34	0	
9301.00	Duarte	0	0	
9301.00	Monrovia	0	0	
District 5		1,873,207	598,907	
Grand Total:		2,157,140	680,683	31.55% Low/Mod

INSURANCE REQUIREMENTS FOR OPERATING AGENCIES

CONTRACTS BETWEEN \$100,000 AND \$499,999.99

The Community Development Commission (CDC) of the County of Los Angeles, the Housing Authority of the County of Los Angeles (HA) and the County of Los Angeles (County) share concerns of Operating Agencies' facing the current high cost of insurance when funds are so urgently needed to meet other costs. Insurance, however, provides the only means by which an Operating Agency can insure its continuance, and meet its obligations to the community. It is also the only method by which the CDC, the HA and the County can protect themselves from contingent exposure to claims resulting from their operations. Prior to the Operating Agency receiving funds, the CDC or the HA will review the activities of the Operating Agency. Those Operating Agencies whose activities present no meaningful exposure to the CDC, the HA and the County may have certain insurance coverage waived by the CDC Risk Management Administrator upon the written request of the Operating Agency.

Prior to the execution of this contract, Operating Agencies must provide evidence that all insurance requirements have been met. Evidence of said insurance consisting of **Certificates of Insurance** and original endorsements as required, having been reviewed and approved as being sufficient by the CDC. Exceptions will be handled on a case-by-case basis.

Any lapse of required insurance coverage during the term of this Contract shall constitute an event of default hereunder. CDC shall notify Operating Agency in writing of said event of default and give Operating Agency ten (10) working days from the date of the letter to respond. If no response is received from Operating Agency after said period of time, the CDC shall notify Operating Agency in writing that it has five (5) working days to fully comply with the insurance requirements herein, and provide proof of said compliance to the CDC, in order to cure said event of default. If said event of default is not cured within the cure period, the CDC may immediately terminate the Contract for cause. No funds will be advanced, reimbursed, or disbursed until all insurance requirements have been met and evidence of said insurance consisting of **Certificates of Insurance** and original endorsements as required, have been reviewed and approved as being sufficient by the CDC. There absolutely will be no reimbursement of costs for the default and cure periods.

INDEMNIFICATION:

Operating Agencies shall indemnify, defend and hold harmless the CDC, the HA, the County, and their appointed officials, employees, agents or volunteers ("Covered Entities") from and against any and all liability, including but not limited to demands, claim actions, fees, costs and expenses (including attorney and expert witness fees); arising from or connected with Operating Agency Acts and/or omissions arising from and/or relating to this agreement.

Without limiting its indemnification of the "Covered Entities", each Operating Agency shall be required, if funded, to provide the following insurance or evidence of formal self-insurance to meet contract requirements:

1. **GENERAL LIABILITY INSURANCE:** Written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following: **General Aggregate: \$500,000, Per Occurrence; Products/Completed Operations Aggregate: \$500,000; Personal and Advertising Injury \$500,000; Per Occurrence: \$500,000.** Higher limits may be required depending on the type of services provided. This protects an Operating Agency against claims for injury or property damage brought by members of the public as a result of the Operating Agency's activities. It is not now uncommon for a jury to award \$1 million in judgments for successful claims, and regardless of the outcome, defense costs can be enormous. **General Liability Insurance** should pay the jury award and costs, thereby, protecting the Operating Agency's assets and insuring its continuance. The CDC cannot endorse Operating Agencies, which are not financially responsible. It is in the best interests of the community for the CDC to maintain insurance and encourage the continuance of the services provided by the Operating Agency. In cases where the activities for the Operating Agency present no meaningful **General Liability exposure** to the "Covered Entities", the CDC Risk Management Administrator may waive this coverage upon the written request of the Operating Agency.

General Liability forms also exclude claims arising from the use of automobiles, and separate coverage is required.

2. **AUTOMOBILE LIABILITY INSURANCE:** Written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than **\$500,000** for each incident. Such insurance shall include coverage for all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto." An Operating Agency should insure automobiles, which they own. It should also be noted, however, that an Operating Agency can be held responsible for claims arising from its use of automobiles owned by volunteers, employees or contractors when conducting organization business. For this exposure, non-owned automobile liability coverage is required. This can be purchased in conjunction with most General Liability policies at a small additional premium. In cases where the funds for the activities given to the Operating Agencies presents no meaningful Automobile **Liability Exposure** to the "Covered Entities", the CDC Risk Management Administrator may waive coverage upon request of the Operating Agency.

3. **ADDITIONAL GENERAL LIABILITY COVERAGE REQUIREMENTS:**

General liability and automobile liability policies shall be endorsed to the contain the following provisions:

- A. The "Covered Entities" are to be covered **as additional named insures by endorsement** with respect to liability arising out of activities performed by or on behalf of the Operating Agency, including products and completed operations, premises owned, leased, or used.

- B. The insurance coverage shall be primary insurance with respect to the “Covered Entities”. Any insurance or self-insurance maintained by the “Covered Entities” shall be in excess of the insurance and shall not contribute to it.
 - C. Coverage shall state that the insurance shall apply separately to each insured against whom the claim is made or suit is brought, except with respect to the limits of the insurer’s liability.
- 4. **WORKERS’ COMPENSATION AND EMPLOYERS’ LIABILITY INSURANCE:** Provide workers’ compensation benefits as required by the Labor Code of the State of California, and in all cases, this insurance shall include Employers’ Liability coverage Limits of not less than the following: **Each Accident: \$1,000,000; Disease-policy limit: \$1,000,000 and Disease-each employee: \$1,000,000.** Even if an Operating Agency has no regular employees, it can be held responsible for the payment of **workers’ compensation benefits** to contractors or volunteers who can show that they are being recompensed for their services in some way by the Operating Agency. Basic coverage is almost always necessary to protect an Operating Agency and to insure compliance with the State Labor Code.
 - 5. **BLANKET DISHONESTY BOND:** **Coverage for the total amount of the grant.** This is required to safeguard federal funds held or used by the Operating Agency. Incidents have occurred in the past where federal funds have been stolen or embezzled by an Operating Agency employee, and the Operating Agency has been financially unable to recover the loss.
 - 6. **PROFESSIONAL LIABILITY INSURANCE:** If applicable, in an amount of **not less than \$500,000 aggregate** combined single limit, unless this requirement has been waived in writing. This extends coverage claims arising from negligent professional activities such as medical treatments, psychiatric or financial counseling, etc. These exposures are excluded under the general liability form. In cases where the activities for the Operating Agency present no meaningful professional exposure, CDC Risk Management may waive compliance with this contract provision upon written request.
 - 7. **PROPERTY COVERAGE:** If applicable, under the terms of Contract, the Operating Agency will have possession of, rent, lease or be loaned County-owned real or personal property, the Operating Agency may be required to insure the property for replacement cost against fire and extended coverage perils including vandalism and malicious mischief.

NOTICE OF CANCELLATION

Except for non-payment of premium, each insurance policy shall be endorsed to state that the coverage shall not be suspended, voided, or canceled by either party or reduced in coverage except after thirty (30) days prior written notice has been given to the CDC.

SELF-INSURANCE

Where agencies are totally self-insured for any of the coverage required, or where deductibles or self-insured retentions exceed the limits of coverage required, evidence of a formal funded program of self-insurance will be accepted in lieu of commercial insurance. The agencies shall fully protect the "Covered Entities" in the same manner as their interest would have been protected had commercial insurance been in effect.

ACCEPTABLE INSURANCE CARRIERS

Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating equivalent to, A: VIII by A.M. Best & Co. Any deviation from this rule shall require specific approval in writing from the CDC.

As previously stated, in the event of any lapse of required insurance coverage during the term of this Contract, no funds will be advanced, reimbursed, or disbursed until all insurance requirements have been met and evidence of said insurance consisting of Certificates of Insurance and original endorsements as required, have been reviewed and approved as being sufficient by the Community Development Commission of the County of Los Angeles. Failure to maintain proper insurance coverage will be cause for termination of said Contract.